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TEXT
FOR GENERAL GALVIN FROM AMBASSADOR TAYLOR
E.O. 12356: DECL: OADR
TAGS: PGOV, PREL, PA, US, MASS, MILI, OTRA
SUBJ: VISIT TO PARAGUAY: OBJECTIVES AND BACKGROUND
REF : ASUNCION
1. (S - ENTIRE TEXT.)
2. IN REFTEL WE SKETCHED THE ENVIRONMENT FOR YOUR VISIT TO PARAGUAY. IN THIS MESSAGE WE DRAW ON MY INSTRUCTIONS FROM THE SECRETARY TO SET OUT THE PARAMETERS OF OUR OBJECTIVES IN PARAGUAY AND TO SUGGEST HOW YOUR VISIT CAN ADVANCE THEM. IN ADDITION WE HAVE PROVIDED A BACKGROUND SECTION WITH THE HISTORICAL AND CONTEMPORANEOUS SKETCHES THAT YOU SHOULD BE AWARE OF AS YOU MAKE THE ROUNDS IN PARAGUAY. IT FOCUSES HEAVILY ON THE FACTORS WHICH HAVE KEPT US SHAKING HANDS RATHER THAN GIVING ABRAZOS TO THE GOP. IT DOES NOT DWELL HEAVILY ON THE SOCIO-ECONOMIC DEVELOPMENT THAT HAS OCCURRED IN THIS COUNTRY OVER THE LAST THIRTY-ONE YEARS BECAUSE OF -- OR IN SPITE OF -- THE CURRENT GOVERNMENT. YOU WILL SEE THE MOST DRAMATIC EXAMPLE OF THAT FACET OF THE COUNTRY WHEN YOU VISIT ITAIPU.
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3. SEPARATELY YOU WILL BE RECEIVING A SCHEDULE OF

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ACTIVITIES, SOME ADMINISTRATIVE TIPS AND THE PROPOSED PRESS STATEMENT. YOU WILL NOTE THAT WE HAVE SCHEDULED A STAFF BRIEFING. IN THAT MEETING WE LOOK FORWARD TO AMPLIFYING AND CLARIFYING THE INFORMATION WHICH FOLLOWS.

4. SECTION I: U.S. OBJECTIVES

RELATIONS WITH PRESIDENT STROESSNER AND HIS GOVERNMENT ARE CORRECT (I.E. NOT CLOSE) AND SHOULD BE SO MAINTAINED, WHILE WE ALSO SEEK TO ADVANCE U.S. INTERESTS LOOKING TOWARD A POST-STROESSNER ERA. RECOGNIZING THE DIFFERENCE BETWEEN THE SO-CALLED DEMOCRATIC SYSTEM PRESIDENT STROESSNER HAS ESTABLISHED IN PARAGUAY AND THE BASIC FEATURES OF GENUINE DEMOCRACIES, INTERESTS ARE BEST SERVED BY AN ORDERLY, EVOLUTIONARY PROCESS THAT STRENGTHENS DEMOCRATIC FORCES AND VALUES WITHIN PARAGUAY AND BY SUSTAINING BALANCED, CONTINUING ATTENTION TO SOCIO-ECONOMIC DEVELOPMENT AND HUMAN RIGHTS IMPROVEMENTS. WE EXPECT THE COLORADO PARTY AND THE MILITARY TO CONTINUE TO DOMINATE THE POLITICAL PROCESS, AND WE RECOGNIZE THE IMPORTANCE OF ENCOURAGING FORCES WITHIN BOTH THAT FAVOR A MORE OPEN SYSTEM.

SPECIFIC OBJECTIVES ARE, INTER ALIA, TO:

-- SUPPORT AND ENCOURAGE PROGRESS TOWARDS GREATER POLITICAL PLURALISM AND A DEMOCRATIC TRANSITION WHEN STROESSNER DEPARTS.

-- PROMOTE IMPROVED HUMAN RIGHTS PERFORMANCE, INSISTING ESPECIALLY UPON THE ELIMINATION OF THE USE OF TORTURE.

-- ENHANCE, WITHIN EXISTING LEGAL CONSTRAINTS, INFLUENCE WITH THE PARAGUAYAN ARMED FORCES, WHICH WILL HAVE A KEY ROLE IN THE POST-STROESSNER TRANSITION PROCESS.

-- IF THE PARAGUAYAN GOVERNMENT SIGNIFICANTLY IMPROVES ITS HUMAN RIGHTS PERFORMANCE, FURTHER ENHANCE COOPERATION WITH THE ARMED FORCES (ALTHOUGH NOT A RETURN TO THE EARLIER MAP GRANT RELATIONSHIP).

5. VISIT OBJECTIVES:

-- COMMUNICATE OUR RECOGNITION OF PARAGUAY'S DESIRE TO HAVE CLOSER TIES -- ESPECIALLY MILITARY TIES -- WITH US.

-- ASSURE THE GOP THAT THOSE DESIRES ARE RECIPROCATED BY US, BUT THAT THERE ARE IMPEDIMENTS TO THOSE CLOSER TIES. (GOP MAY NOT BE AWARE OF THE RESTRICTION ON MAP OR FMS PROGRAMS HERE CONTAINED IN SECTION 706 OF THE INTERNATIONAL COOPERATION ACT OF 1985, WHICH CODIFIED POLICY).

-- INDICATE THAT WE APPRECIATE THE CONTRIBUTION OF THE STABILITY AND PEACE OF THE LAST 31 YEARS TO THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE COUNTRY. FOR GENERAL GALVIN FROM AMBASSADOR TAYLOR

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-- EXPRESS OUR CONTINUED COMMITMENT TO THE RESPONS-

SECRET

BILITIES WE UNDERTOOK IN THE RIO TREATY, BUT INDICATE THE PROBLEM FOR US IN DEALING WITH SITUATIONS NOT CONTEMPLATED BY THAT TREATY, I.E. SO-CALLED NATIONAL LIBERATION MOVEMENTS WITH CLANDESTINE EXTERNAL SUPPORT.

- DRAW ON OUR EXPERIENCE IN CENTRAL AMERICA TO SUGGEST THAT OUR ABILITY TO HELP IN COMBATING GUERRILLA REVOLUTIONARY MOVEMENTS DEPENDS LARGELY ON WHETHER THE GOVERNMENT IS PREPARED AND ABLE TO UNDERTAKE POLICIES OF POLITICAL ACCOMMODATION WITH ALL DEMOCRATIC SECTORS AND TO INSURE RESPECT FOR HUMAN RIGHTS (NICARAGUA BEING THE NEGATIVE EXAMPLE AND EL SALVADOR AND GUATEMALA BEING POSITIVE EXAMPLES).
- ASSURE THE PARAGUAYANS THAT WE ARE AWARE OF THEIR CONCERN ABOUT BOLIVIAN REVANCHISM, AND THAT WE WOULD OPPOSE ANY BOLIVIAN MILITARY AGGRESSION.
- USE THE BOLIVIAN ISSUE TO HIGHLIGHT THAT WE ARE PREPARED TO HELP A COUNTRY THAT REALLY NEEDS IT IF IT HAS AN OPEN POLITICAL SYSTEM AND IS PREPARED TO SERIOUSLY TACKLE A SERIOUS ISSUE OF JOINT CONCERN, I.E. THE NARCOTICS TRADE.
- MAKE SURE THAT THE ARMED SERVICES UNDERSTAND THAT WE RECOGNIZE THEIR CENTRALITY TO FUTURE CHANGE IN PARAGUAY, AND THAT WE LOOK TO THEM FOR A MAJOR ROLE IN A POST-STROESSNER TRANSITION TO CIVILIAN GOVERNMENT.
- IMPRESS ON PRESIDENT STROESSNER THAT THERE IS A UNITY OF VIEWS AND OBJECTIVES AMONG ALL ELEMENTS OF THE USG IN OUR POLICY TOWARD PARAGUAY. (HE BELIEVES THAT THOSE WITH STRIPPED PANTS ARE THE BAD GUYS AND THE BRASS ARE THE GOOD GUYS.)

6. SECTION II: BACKGROUND

SUMMARY: THE 31-YEAR STROESSNER REGIME HAS BROUGHT STABILITY AND ECONOMIC DEVELOPMENT TO PARAGUAY AT A COST OF REPRESSED CIVIL LIBERTIES. THE PRESIDENT USES MARTIAL LAW TO RULE THROUGH THE MILITARY, IN WHICH HE REMAINS ON ACTIVE DUTY, AND THE COLORADO PARTY.

THE POLITICAL OPPOSITION IS FRAGMENTED, AND THE ILLEGAL COMMUNIST PARTY AND SOME DEMOCRATIC POLITICIANS REMAIN IN FORCED EXILE. THE ARMED FORCES ARE LOYAL TO STROESSNER AND MIGHT BE EXPECTED TO TURN AGAINST HIM ONLY IF HE HAD LOST THE CAPACITY TO GOVERN AND IT WAS LEADING TO INSTABILITY.

PRESIDENT STROESSNER ALREADY HAS BEEN OFFERED THE COLORADO PARTY'S NOMINATION FOR THE 1988-93 TERM; HE WILL HAVE NO SERIOUS OPPOSITION; AND HE WILL SERVE OUT THAT TERM IF HIS HEALTH PERMITS. AS LONG AS HE IS HEAD OF GOVERNMENT, THERE IS NO REALISTIC PROSPECT OF POLITICAL LIBERALIZATION, AND THE ATTRACTION OF REVOLUTIONARY CHANGE, WHICH IS SMALL TODAY, WILL GROW.

EXTERNAL PRESSURES FOR LIBERALIZATION FROM THE UNITED STATES, NEIGHBORING COUNTRIES WITH RECENTLY RESTORED DEMOCRATIC GOVERNMENTS, AND OTHER DEMOCRATIC GOVERNMENTS IN EUROPE HAVE HAD ONLY A MARGINAL IMPACT. HOWEVER, COOPERATIVE RELATIONS WITH ARGENTINA HAVE LESSENED AND THE GOP IS CONCERNED ABOUT FUTURE RELATIONS

SECRET

WITH THE GOA. END SUMMARY.

7. HISTORICAL SETTING:

THE STROESSNER REGIME AROSE OUT OF THE CHAOS OF A PARTISAN CIVIL WAR AND AN ANARCHIAL SERIES OF COUPS. STROESSNER HAD ALREADY CONSOLIDATED HIS POSITION AS COMMANDER-IN-CHIEF WHEN HE CAME INTO OFFICE THIRTY-ONE YEARS AGO AS THE CANDIDATE OF THE COLORADO PARTY. HE HAS DISPLAYED POLITICAL GENIUS IN MAINTAINING THE LOYALTY OF BOTH THE ARMED SERVICES AND THE COLORADO PARTY BY KEEPING BOTH OFF BALANCE.

AT THE SAME TIME HE HAS ELIMINATED, INTIMIDATED, EXILED AND COOPTED HIS POLITICAL OPPONENTS, BOTH WITHIN THE COLORADO PARTY AND MILITARY AS WELL AS FOR GENERAL GALVIN FROM AMBASSADOR TAYLOR

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SUBJ: VISIT TO PARAGUAY: OBJECTIVES AND BACKGROUND THE TRADITIONAL LIBERAL AND FEBRERISTA PARTIES. MEMBERSHIP IN THE COLORADO PARTY IS A REQUIREMENT FOR ENTRY INTO THE ARMED SERVICES OFFICER CORPS, THE CIVIL SERVICE AND THE JUDICIARY. THE COMMUNIST PARTY IS PROSCRIBED AND OPERATES ONLY IN EXILE.

8. PARAGUAY'S INTERNATIONAL IMAGE:

PARAGUAYAN OFFICIALS ARGUE THAT THEIR REPUTATION AS A MILITARY DICTATORSHIP AND A HAVEN FOR DRUG RUNNERS, NAZIS AND OTHER REPROBATES IS UNDESERVED. THEY POINT AS PROOF OF THIS TO THE RECENT EVIDENCE THAT MENGELE WAS NOT IN PARAGUAY DURING MUCH OF THE TIME HE WAS BELIEVED HERE AND TO THE FACT THEY HAVE EXTRADITED SOME NOTORIOUS VILLAINS SUCH AS RICORD. HOWEVER, THE FACT IS THAT MENGELE WAS ADMITTED INTO THE COUNTRY AND GIVEN CITIZENSHIP AND THE AUTHORITIES NEVER OPENED INTERNAL RECORDS TO THE NAZI-HUNTERS UNTIL THE BRAZILIAN INVESTIGATION WAS LAUNCHED. THE NOTORIOUS RICORD WAS NOT EXTRADITED TO THE U.S. UNTIL VIRTUALLY ALL STOPS WERE PULLED. THE SEIZURE AND REEXPORT OF THE PRECURSOR CHEMICALS REQUIRED PUBLIC PRESSURE AND THEY STEADFASTLY DENIED ANY PARAGUAYAN INVOLVEMENT IN THE TRANSACTION, WHICH RUNS CONTRARY OVER OUR INTELLIGENCE. THE PRIMARY CRITERIA OF WHO WOULD BE GIVEN HAVEN IN PARAGUAY APPEARS TO HAVE BEEN WHO COULD AFFORD TO PAY FOR IT. THIS WAS EVIDENCED IN THE CASE OF THE CROATION EXTORTION/TERRORIST GROUP WHICH WAS OPERATING HERE FROM 1971-82. IN ADDITION, PARAGUAY IS CORRECTLY IDENTIFIED AS HAVING ONE OF THE MOST EXTENSIVE SMUGGLING NETWORKS IN THIS HEMISPHERE. THIS INCLUDES SMUGGLING OF GOODS AMONG NEIGHBORING COUNTRIES, PARAGUAYAN EXPORT GOODS TO AVOID GOVERNMENT CONTROLS, AND ILLEGAL GOODS SUCH AS NARCOTICS AND HIDES OF ENDANGERED SPECIES. THE MOST CURRENT SCANDAL INVOLVES MANY WELL CONNECTED POLITICIANS, MILITARY AND OTHER PROMINENT INDIVIDUALS WHO OBTAINED DOLLARS FROM THE CENTRAL BANK FOR

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FICTITIOUS IMPORTS AT THE OFFICIAL EXCHANGE RATE (WITH BANK OFFICIALS COMPLICITY) AND SOLD THE DOLLARS AT THE PARALLEL RATE FOR A PROFIT OF THREE TO FOUR HUNDRED PERCENT.

9. STATE OF SIEGE:

THE IMAGE OF PARAGUAY AS A MILITARY DICTATORSHIP COMES IN PART FROM THE FACT THAT STROESSNER ROSE THROUGH THE MILITARY AND HAS NOT RETIRED, AND IN PART FROM THE FACT THAT HE USES A VIRTUALLY PERMANENT STATE OF SIEGE TO PREVENT THE ORGANIZATION OF ANY SERIOUS OPPOSITION. THE STATE OF SIEGE, IN THEORY, IS TEMPORARY AND LIMITED TO THE REGION AROUND ASUNCION, BUT IN FACT IS RENEWED EVERY THREE MONTHS BY THE LEGISLATURE, AND IS USED TO DETAIN PERSONS INCOMMUNICADO PICKED UP IN THE INTERIOR AND SENT TO ASUNCION. THE STATE OF SIEGE IS LIFTED FOR TWO DAYS EVERY FIVE YEARS--ONE DAY FOR THE ELECTION OF THE PRESIDENT AND PARLIAMENT, AND ONE DAY FOR THE ELECTION OF MUNICIPAL COUNCILS. THE STATE OF SIEGE IS USED TO CONTROL POLITICAL MEETINGS AND PREVENT MEETINGS OF FIVE OR MORE PERSONS NOT SANCTIONED BY THE GOVERNMENT. IT IS USED TO MAKE STRIKES ILLEGAL. IT IS USED TO MAINTAIN FORCED EXILE, EVEN THOUGH THIS IS PROHIBITED BY THE CONSTITUTION. IT IS USED TO HOLD PRISONERS INCOMMUNICADO FOR MORE THAN THE 48 HOURS PERMITTED BY LAW, AND TO DENY THE RIGHT OF HABEUS CORPUS, THEREBY LIMITING THE POWER OF THE JUDICIAL BRANCH. BUT MOST SIGNIFICANT IS ITS PSYCHOLOGICAL IMPACT ON THE PARAGUAYAN SOCIETY, SERVING TO INTIMIDATE THOSE EVEN CONSIDERING PUSHING AGAINST PARAMETERS OF ACCEPTABLE BEHAVIOR.

THE GOP LIFTED THE STATE OF SIEGE IN 1969 FOR A SHORT PERIOD. PUBLIC PROTEST RALLIES WERE HELD AND STUDENTS BECAME POLITICALLY ACTIVE. THIS LED TO A CONFRONTATION WITH THE POLICE AND REINSTITUTION OF THE STATE OF SIEGE. TODAY'S AUTHORITIES REMEMBER THAT INCIDENT AS IF IT WERE LAST YEAR. MOST OF THE OFFICIALS REMAIN THE SAME TODAY AS THEN. THE JUSTIFICATION OFFERED BY THE PRESIDENT FOR THE PERPETUAL STATE OF SIEGE IS THAT IT IS "PREVENTATIVE". HE POINTS TO POLITICAL TURMOIL IN NEIGHBORING COUNTRIES AS THE TYPE OF CONDITION HE FOR GENERAL GALVIN FROM AMBASSADOR TAYLOR

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SUBJ: VISIT TO PARAGUAY: OBJECTIVES AND BACKGROUND WISHES TO AVOID. HE HAS A CLOSED MIND ON THIS SUBJECT. YOU WILL HEAR, NO DOUBT, MORE THAN ONCE, PARAGUAY'S PRE-1954 ANARCHICAL EXPERIENCE AND EVEN SUBSEQUENT GUERRILLA THREATS AS JUSTIFICATION FOR THE STATE OF SIEGE -- A PREVENTIVE MEASURE. CORPS I COMMANDER GENERAL RODRIGUEZ, DURING THE AMBASSADOR'S RECENT CALL, SAID PARAGUAY NEEDED AT LEAST A CENTURY OF EXPERIENCE UNDER CURRENT PREVENTATIVE CONDITIONS.

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10. ANTI-COMMUNIST DOCTRINE:

THE GOP, BOTH MILITARY AND CIVILIANS, FOLLOW A WELL-DEFINED DOCTRINE OF ANTI-COMMUNISM, WHICH THEY THINK SHOULD CLOSELY ALLY THEM TO THE UNITED STATES. WE REPLY THAT A NEGATIVE "PHILOSOPHY" IS NOT ENOUGH, AND SOME GOP LEADERS UNDERSTAND THIS. PARAGUAY IS ONE OF THE DWINDLING NUMBER OF COUNTRIES THAT MAINTAINS CLOSE COOPERATIVE RELATIONS WITH THE TAIWAN CHINESE GOVERNMENT. IT ALSO HAS CLOSE TIES TO ISRAEL, SOUTH KOREA AND SOUTH AFRICA. AS A RESULT OF THESE TIES PARAGUAY AND THE UNITED STATES REGULARLY VOTE THE SAME IN THE U.N. SYSTEM ON POLITICAL ISSUES. THIS PUTS IN CONTEXT WHY THE GOP WAS AGGRIEVED WHEN PRESIDENT REAGAN REFERRED EARLIER THIS YEAR IN MADRID TO PARAGUAY AS ONE OF THE TWO RIGHTIST AUTHORITARIAN GOVERNMENTS (WITH CHILE) WHICH HAVE RESISTED THE DEMOCRATIC TIDE IN LATIN AMERICA. A SIMILAR RECENT REMARK BY ASSISTANT SECRETARY ELLIOT ABRAMS ALSO RAISED HACKLES. GOP OFFICIALS POINT TO THE FACT THAT PINOCHET CLAIMS TO BE A MILITARY DICTATOR, WHILE STROESSNER PRESENTS HIMSELF AS THE POPULARLY ELECTED HEAD OF A STATE, WITH A LARGELY CIVILIAN GOVERNMENT AND AN OSTENSIBLE SYSTEM OF SEPARATION OF POWERS. AT THE SAME TIME GOP OFFICIALS RECOGNIZE THAT THERE IS A DIFFERENCE BETWEEN THEIR "DEMOCRACY" AND OURS.

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11. U.S.-GOP RELATIONS:

PRESIDENT STROESSNER IS PROUD OF THE DOMESTIC PEACE AND ECONOMIC DEVELOPMENT WHICH HIS REIGN HAS BROUGHT TO PARAGUAY. HE COMPARES THIS WITH ECONOMIC AND SOCIAL CHAOS IN THE NEIGHBORING COUNTRIES WHICH HAVE MORE OPEN POLITICAL SYSTEMS. HE IS ALSO PROUD OF HAVING MET WITH ALL UNITED STATES PRESIDENTS SINCE FDR, EXCEPT FOR PRESIDENT REAGAN. HE PROFESSES TO NOT UNDERSTAND WHY THE U.S. BEGAN TO BACK AWAY FROM ITS DEVELOPMENTAL ASSISTANCE PROGRAM, BEGUN IN 1942, FOLLOWING THE ELECTION OF PRESIDENT CARTER AND WHICH HAS CONTINUED UNDER THE CURRENT ADMINISTRATION. THERE HAVE BEEN NO NEW BILATERAL AID PROJECTS APPROVED SINCE 1979 ON THE BASIS THAT PARAGUAY HAS ACHIEVED THE STATUS OF AN "ADVANCED DEVELOPING COUNTRY," I.E., PER CAPITA INCOME OVER \$1,000. THIS "GRADUATION" FROM THE AID PROGRAM WAS INFLUENCED BY CONGRESSIONAL ATTITUDES TOWARDS PARAGUAY'S INTERNATIONAL IMAGE AND HUMAN RIGHTS PRACTICES. HOWEVER, BY DRAWING ON CENTRAL AID FUNDS, WE CONTINUE TO MAINTAIN A SMALL BUT ACTIVE PROGRAM OF TECHNICAL ASSISTANCE AND TRAINING WITH EMPHASIS ON THE PRIVATE SECTOR AND OTHER NON-GOVERNMENTAL ORGANIZATIONS. THE INTER-AMERICAN FOUNDATION IS VERY ACTIVE WITH COOPERATIVES AND THE INTERNATIONAL PLANNED PARENTHOOD FOUNDATION, THE PARTNERS OF THE AMERICAS AND THE INTERNATIONAL EXECUTIVE SERVICE CORPS ALL HAVE PROGRAMS HERE THAT RECEIVE USG SUPPORT. LASTLY,

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PARAGUAY HAS A LARGE PEACE CORPS PROGRAMS (ONE OF ONLY TWO IN SOUTH AMERICA) WITH 130 VOLUNTEERS. THE SUSPENSION OF FMS IS MORE CLEARLY IDENTIFIED BY THE GOP AS A POLICY RELATED TO OUR HUMAN RIGHTS CONCERNS.

OTHER ISSUES WHICH HAVE TROUBLED THE USG-GOP RELATIONSHIP HAVE BEEN (A) RESTRICTIONS ON PRESS FREEDOMS, INCLUDING THE CLOSURE IN 1984 OF THE COUNTRY'S MOST POPULAR AND ONLY TRULY INDEPENDENT DAILY (ABC COLOR); (B) PERSISTENT REPORTS OF TORTURE AND BRUTALITY APPLIED BY THE POLICE -- NOT THE ARMY -- DURING INTERROGATION OF BOTH POLITICAL DETAINEES AS WELL AS CRIMINAL SUSPECTS-- WHICH GAVE RISE TO THE SECTION 706 MILITARY ASSISTANCE RESTRICTION; (C) THE PRACTICE OF HOLDING POLITICAL PRISONERS (CURRENTLY ZERO); (D) GOP SUPPRESSION OF LABOR RIGHTS SUCH AS COLLECTIVE BARGAINING AND STRIKES; AND (E) FORCED EXILE (CURRENTLY THREE PROMINENT OPPOSITION FOR GENERAL GALVIN FROM AMBASSADOR TAYLOR
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13. OTHER BILATERAL RELATIONS:

PARAGUAY IS RECEIVING MAJOR BILATERAL ECONOMIC ASSISTANCE FROM JAPAN AND GERMANY AND HAS PURCHASED MILITARY SYSTEMS FROM BRAZIL AND SPAIN. IT'S CLOSEST REGIONAL TIES ARE WITH BRAZIL, LARGELY BECAUSE OF THE WORLD PREMIER ITAIPU HYDROELECTRIC PROJECT AND THE CLOSE MILITARY-TO-MILITARY TIES, ESPECIALLY THROUGH CORPS I'S GENERAL RODRIGUEZ. THERE PROBABLY IS SOME APPREHENSION THAT THOSE RELATIONS MAY DETERIORATE WHEN BRAZIL RETURNS FULLY TO DEMOCRATIC RULE THROUGH DIRECT POPULAR ELECTIONS, AS THEY HAVE DETERIORATED WITH ARGENTINA SINCE IT RESTORED DEMOCRATIC GOVERNMENT.

14. THREAT ASSESSMENT:

PARAGUAY FACES NO CREDIBLE DIRECT MILITARY THREAT, BUT PROFESSES TO SEE BOLIVIA, AGAINST WHICH IT FOUGHT THE CHACO WAR ONLY FIFTY YEARS AGO, AS AN EXTERNAL THREAT. FOR THAT REASON, THE GOP IS EXTREMELY SENSITIVE TO U.S. MILITARY AND ECONOMIC ASSISTANCE PROGRAMS TO BOLIVIA.

PARAGUAY ALSO FACES NO COHERENT THREAT OF SUBVERSION FROM WITHIN OR FROM EXILE GROUPS. THERE IS SOME DISSATISFACTION AMONG YOUTH, WORKERS AND CAMPESINOS, BUT IT IS NOT ORGANIZED. ALL OPPOSITION POLITICAL PARTIES SHARE THE GOP'S ANTI-COMMUNIST COMMITMENT, ALTHOUGH SOME OPPOSITIONISTS, SUCH AS THE CHRISTIAN DEMOCRATS WOULD ALLOW A COMMUNIST PARTY TO OPERATE LEGALLY. THERE IS NO INDICATION OF COMMUNIST BLOC TRAINING FOR PARAGUAYAN GUERRILLAS OR SUPPORT FOR SUBVERSIVE ACTIVITIES. THE PARAGUAYANS WILL CITE THE RECENT DISCOVERY OF A SMALL WEAPONS CACHE ACROSS

SECRET

THE RIVER FROM ASUNCION IN CLORINDA, ARGENTINA AS EVIDENCE OF THE GUERRILLA THREAT WHICH JUSTIFIES THE STATE OF SIEGE. THERE HAVE BEEN SIMILAR CACHES FOUND IN THE PAST WHICH LED TO CRACKDOWNS ON THE "IRREGULAR" POLITICAL OPPOSITION. WE HAVE NO EVIDENCE ON THIS SMALL ARMS DISCOVERY, BUT CONSIDER IT POSSIBLY TO HAVE BEEN A DELIBERATE PLANT TO SERVE GOP INTERESTS.

IN PART, THIS ABSENCE OF A THREAT MAY BE ATTRIBUTED TO A WEARINESS OF THE SOCIETY WITH THE COUNTRY'S PREVIOUS POLITICAL INSTABILITY AND IN PART TO THE STROESSNER REGIME'S SUCCESSFUL APPLICATION OF A CARROT AND STICK POLICY OF INCENTIVES AND REPRISALS. HOWEVER, THE CURRENT GENERATION OF YOUNG ADULTS AND THOSE YOUNGER (A MAJORITY OF THE POPULATION) HAVE NEVER KNOWN ANY GOVERNMENT EXCEPT THE PRESENT ONE.

15. THE MILITARY:

MILITARY LOYALTY IS CONSOLIDATED BY A SYSTEM OF INSTITUTIONALIZED GRAFT, WITH NO RESTRICTION ON PARALLEL ECONOMIC ACTIVITY WHILE ON ACTIVE DUTY. A SYSTEM OF RETIREMENT PROMOTIONS AND 100 PERCENT MILITARY PAY AFTER RETIREMENT ALSO HELPS TO ASSURE LOYALTY AT SENIOR LEVELS. STROESSNER HIMSELF REMAINS ON ACTIVE MILITARY STATUS AND DONS HIS UNIFORM ON THURSDAYS AND ON MOST CEREMONIAL OCCASIONS.

THE MILITARY IS TOP HEAVY (43 GENERAL OFFICERS AND OVER 400 COLONELS IN A SERVICE OF SIXTEEN THOUSAND OF WHOM ABOUT ONE THOUSAND NINE HUNDRED ARE OFFICERS). OFFICIAL BUDGET STATISTICS, SHOW THE ARMED SERVICES CONSUMING ABOUT SEVENTEEN PERCENT OF THE NATIONAL BUDGET, BUT THIS AMOUNT IS DECEIVING BECAUSE IT INCLUDES LARGE PROGRAMS SUCH AS INFRASTRUCTURE WORK IN THE CHACO REGION, AND NOT INCLUDED -- OR HIDDEN -- IS FUNDING OF WEAPONS PURCHASES. THE PARAGUAYAN CONSCRIPTS RECEIVE NO PAY AND ARE LARGELY SELF FINANCING AS A RESULT OF MILITARY-OPERATED FARMS AND OTHER ENTERPRISES WHICH FURNISH BASIC NECESSITIES AND SOME POCKET MONEY. RECENTLY, THE MILITARY'S ONLY MAJOR WEAPONS PURCHASES HAVE BEEN FOUR CASA 212 CARGO AIRCRAFT FROM SPAIN AND TWO HELICOPTERS, A PATROL BOAT AND APCs FROM BRAZIL.

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16. THE COLORADO PARTY:

ALL MEMBERS OF THE JUDICIARY, THE MILITARY OFFICER CORPS, THE PUBLIC HEALTH SERVICE AND THE NATIONAL EDUCATIONAL SYSTEM, AND MOST OTHER PUBLIC SECTOR EMPLOYEES ARE REQUIRED TO BE MEMBERS OF THE COLORADO PARTY. IT IS ECONOMICALLY STRONG BECAUSE THESE PUBLIC EMPLOYEES MUST CONTRIBUTE A PORTION OF THEIR SALARY TO PARTY COFFERS.

SECRET

THE COLORADO PARTY HAS IN RECENT YEARS WON ALL ELECTIONS BY MARGINS IN THE HIGH EIGHTY OR LOW NINETY PERCENT RANGE. THOSE ELECTIONS, HOWEVER, HAVE BEEN BOYCOTTED BY MUCH OF THE OPPOSITION, BECAUSE THEY ARE ADMINISTERED IN A WAY WHICH PERMITS INTIMIDATION AND MANIPULATION OF THE RESULTS--A FACT WHICH HAS BEEN DOCUMENTED BY THE EMBASSY DURING MUNICIPAL ELECTIONS THIS PAST OCTOBER, AS WELL AS ON PREVIOUS OCCASIONS. THE COLORADO PARTY HAS AN AUTOMATIC TWO-THIRDS REPRESENTATION IN THE NATIONAL LEGISLATURE AND ALL MUNICIPAL GOVERNMENTS, AS LONG AS IT RECEIVES AT LEAST A PLURALITY OF THE VOTES IN THE NATIONAL AND MUNICIPAL ELECTIONS. THE TWO LIBERAL PARTY SPLINTER GROUPS THAT PARTICIPATE IN THESE ELECTIONS AND OCCUPY THE MINORITY SEATS HAVE YET TO WIN A SINGLE CONTEST IN THEIR OWN RIGHT.

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17. THE OPPOSITION:

THERE ARE THREE OFFICIALLY RECOGNIZED OPPOSITION PARTIES: TWO OFFSHOOTS OF THE HISTORICAL LIBERAL PARTY (THE LIBERALS AND THE RADICAL LIBERALS) PARTICIPATE IN ELECTIONS AND HAVE THE MINORITY SEATS IN FEDERAL AND MUNICIPAL LEGISLATIVE BODIES WHILE THE SOCIALIST-ALIGNED FEBRERISTA PARTY REFUSES SUCH PARTICIPATION AND IS JOINED WITH THREE OTHER GROUPS IN THE NATIONAL ACCORD (NA). THE OTHER THREE NA MEMBERS ARE ANOTHER LIBERAL OFFSHOOT, THE AUTHENTIC RADICAL LIBERALS, THE CHRISTIAN DEMOCRATS AND A DISSIDENT COLORADO PARTY OFFSHOOT, THE POPULAR COLORADO MOVEMENT (OR MOPOCOS). THE LATTER THREE GROUPS CONSTITUTE THE "IRREGULAR" OPPOSITION WHICH ARE TREATED BY THE GOP AS IF THEY WERE ILLEGAL AND SUBVERSIVES. THEY ARE DENIED PERMITS FOR POLITICAL MEETINGS, ACCESS TO THE MEDIA, AND ARE REGULARLY HARASSED, BY JAILING OR INTERNAL EXILE, WHEN THEY TEST THE LIMITS OF THEIR FREEDOM. EVEN THE RECOGNIZED OPPOSITION PARTIES ARE NOT ACCORDED THE SAME SPACE FOR NORMAL POLITICAL ACTIVITIES, SUCH AS RALLIES AND ACCESS TO THE MEDIA AS IS THE COLORADO PARTY.

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18. ECONOMIC SITUATION:

THE ECONOMY HAS PROGRESSED, BUT HAS NOT ADJUSTED TO THE LOSS OF ROUGHLY \$500 MILLION A YEAR INCOME FROM THE COMPLETION OF THE CONSTRUCTION PHASE OF THE ITIAPU HYDROELECTRIC DAM. THE COUNTRY'S DEPENDENCE ON IMPORTS SUCH AS WHEAT HAS BEEN OVERCOME, AND ITS EXTERNAL DEBT, WHILE EQUAL TO ABOUT A HALF OF GNP IS NEIGHBORS. INFLATION OFFICIALLY PUT AT 25

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EXCHANGE RATE AND GIVE GREATER INCENTIVES TO EXPORT CROPS, THE ECONOMIC FUTURE WOULD BE MUCH BRIGHTER THAN AT PRESENT. YACERETA, THE JOINT HYDROELECTRIC

19. POLITICAL UNDERDEVELOPMENT:

THERE HAS BEEN NO POLITICAL OPENING TO ACCOMMODATE THE NEW ENTRANTS INTO THE ECONOMICALLY ACTIVE AND MIDDLE CLASS SECTOR OF THE SOCIETY. EVEN THOUGH

SECRET

THERE ARE POLITICAL STIRRINGS AMONG THE YOUTH, AND A CRITICAL ATTITUDE BY THE ROMAN CATHOLIC CHURCH, THERE HAVE BEEN NO SIGNS OF A POLITICAL OPENING OR ACCOMMODATION BY THE GOVERNMENT. THERE IS A BROAD GENERATION GAP BETWEEN THE OLD CRONIES IN THE LEADERSHIP (AVERAGE AGE 62) AND THE TRAUMATIZED MAJORITY OF THE POPULATION WHICH HAS GROWN UP UNDER THEIR CONTROL. POPULATION ESTIMATES SHOW APPROXIMATELY SEVENTY PERCENT OF THE POPULATION TO BE TWENTY-FIVE YEARS OLD OR YOUNGER.

OUR EXPERIENCE IN COUNTRIES SUCH AS IRAN AND NICARAGUA -- WHICH THE GOP SEES AS U.S. POLICY FAILURES WHICH SHOULD TEACH US TO SUPPORT THEM -- (AND CURRENTLY IN THE PHILIPPINES), IS THAT REPRESSIVE POLICIES ARE LIKELY FOR GENERAL GALVIN FROM AMBASSADOR TAYLOR

E.O. 12356: DECL: OADR

TAGS: PGOV, PREL, PA, US, MASS, MILI, OTRA

SUBJ: VISIT TO PARAGUAY: OBJECTIVES AND BACKGROUND TO CREATE AN IMPROVED ENVIRONMENT FOR THE GROWTH OF REVOLUTIONARY MOVEMENTS. RATHER THAN SUPPORT REPRESSION, WE SHOULD BE MORE ACTIVE IN PROMOTING DEMOCRATIC CHANGE.

20. DIALOGUE

THE NONRECOGNIZED POLITICAL OPPOSITION HAS CALLED FOR A NATIONAL DIALOGUE UNDER THE AUSPICES OF THE ROMAN CATHOLIC CHURCH, WHICH THE CHURCH HAS ALSO URGED. NEVERTHELESS, THE COLORADO PARTY HAS REJECTED A POLITICAL DIALOGUE WITH ANY GROUPS OTHER THAN THE TWO OFFICIALLY RECOGNIZED SPLINTERS OF THE TRADITIONAL LIBERAL PARTY.

THE ONLY SIGN OF ACCOMMODATION BY THE GOP TO A MORE MODERN INTERNATIONAL ENVIRONMENT AND DOMESTIC SOCIETY ARE A RECENT HOUSE-CLEANING WITHIN THE JUDICIAL BRANCH, A MAJOR INVESTIGATION OF FRAUD AND ILLEGAL FOREIGN EXCHANGE TRANSACTIONS IN THE CENTRAL BANK, AND A REFORM MOVEMENT KNOWN AS THE "TRADICIONALISTAS" WITHIN THE COLORADO PARTY.

21. PROSPECTS FOR THE FUTURE:

THE PROSPECT, IF PRESIDENT STROESSNER'S HEALTH PERMITS, IS FOR HIM TO SUCCESSFULLY RUN AGAIN IN 1987 FOR ANOTHER FIVE YEAR TERM (88-92). BECAUSE THE PRESIDENT IS THE PRINCIPAL NAYSAYER TO ANY POLITICAL OPENING, IT IS LIKELY THAT PRESSURES FOR CHANGE WILL CONTINUE TO BE RESISTED.

THE POSSIBILITY FOR A COUP SEEMS VERY UNLIKELY AT PRESENT, BUT COULD NOT BE RULED OUT IF THE ARMED SERVICES SHOULD COME TO THE CONCLUSION THAT THE THREAT OF INSTABILITY WAS GROWING AND PRESIDENT STROESSNER WAS AN IMPEDIMENT TO EFFECTIVELY MEETING THE CHALLENGE.

IN THE ABSENCE OF A POLITICAL OPENING, IT IS LIKELY THAT POLITICAL PRESSURES WILL GROW FROM WORKERS, WHOSE RIGHT TO ORGANIZE HAS BEEN REPRESSED; FROM